
HOUSE BILL No. 1693

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-25.

Synopsis: Small business job creation tax credits. Provides a credit against state tax liability for small manufacturers who create at least ten new full-time jobs at a site located in Indiana. Provides that the amount of the credit is determined by multiplying the incremental income tax withholdings attributable to the new jobs by 30%. Provides that the credit may not exceed 30% of the taxpayer's state tax liability.

Effective: January 1, 2004.

Ripley

January 21, 2003, read first time and referred to Committee on Ways and Means.

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First Regular Session 113th General Assembly (2003)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

HOUSE BILL No. 1693

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3.1-25 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2004]:

4 **Chapter 25. Small Business Job Creation Tax Credit**

5 **Sec. 1. As used in this chapter, "eligible taxpayer" means a**
6 **taxpayer that:**

7 **(1) is a manufacturer; and**

8 **(2) has less than one hundred (100) employees.**

9 **Sec. 2. As used in this chapter, "full-time job" means a position**
10 **that requires at least thirty-five (35) hours of work each week and**
11 **is held by an Indiana resident employee during the entire year.**

12 **Sec. 3. As used in this chapter, "incremental income tax**
13 **withholdings" means the total amount withheld under IC 6-3-4-8**
14 **by the eligible taxpayer during the taxable year from the**
15 **compensation of new employees.**

16 **Sec. 4. As used in this chapter, "pass through entity" means a:**

17 **(1) corporation that is exempt from the adjusted gross income**



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- tax under IC 6-3-2-2.8(2);
- (2) partnership;
- (3) trust;
- (4) limited liability company; or
- (5) limited liability partnership.

Sec. 5. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

- (1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);
- (2) IC 27-1-18-2 (the insurance premiums tax); and
- (3) IC 6-5.5 (the financial institutions tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 6. As used in this chapter, "taxpayer" means a person, corporation, partnership, or other entity that has any state tax liability.

Sec. 7. (a) Subject to the provisions of this chapter, an eligible taxpayer is entitled to a credit against the eligible taxpayer's state tax liability in the taxable year in which the eligible taxpayer creates at least ten (10) new full-time jobs at a site located in Indiana.

(b) Subject to subsection (c), the amount of the credit allowed under this section is:

- (1) the incremental income tax withholdings attributable to the new full-time jobs; multiplied by
- (2) thirty percent (30%).

(c) The amount of the credit allowed under this section may not exceed thirty percent (30%) of the eligible taxpayer's state tax liability.

(d) An eligible taxpayer is not entitled to claim the credit provided by this section for a job that the person relocates from one (1) site in Indiana to another site in Indiana.

(e) An eligible taxpayer may claim the credit under this chapter only if:

- (1) the average wage paid by the taxpayer to its Indiana employees within the county in which the jobs are created exceeds the average wage paid in that county; and
- (2) the taxpayer certifies to the department and provides proof as determined by the department that, as a result of the jobs created, the average wage paid by the taxpayer to its Indiana employees within the county in which the jobs are created will exceed the average wage paid in that county.

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1 Sec. 8. To receive the credit provided by section 7 of this
2 chapter, an eligible taxpayer must claim the credit on the
3 taxpayer's annual state tax return or returns in the manner
4 prescribed by the department of state revenue. The taxpayer shall
5 submit to the department of state revenue proof of the number of
6 jobs created and all other information that the department
7 determines is necessary for the calculation of the credit provided
8 by this chapter.

9 Sec. 9. If a pass through entity does not have state income tax
10 liability against which the tax credit may be applied, a shareholder
11 or partner of the pass through entity is entitled to a tax credit equal
12 to:

13 (1) the tax credit determined for the pass through entity for
14 the taxable year; multiplied by

15 (2) the percentage of the pass through entity's distributive
16 income to which the shareholder or partner is entitled.

17 SECTION 2. [EFFECTIVE JANUARY 1, 2004] IC 6-3.1-25, as
18 added by this act, applies to taxable years beginning after
19 December 31, 2003.

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